Hydro Québec

CUE CARD 2013-2014

Hydro-Québec generates, transmits and distributes electricity. It uses primarily hydroelectricity and supports the development of other generating options—such as wind energy and biomass—through purchases from independent power producers. Its transmission and distribution activities are regulated by the Régie de l'énergie. It conducts research and develops new technologies in energy related fields, including energy efficiency.

Hydro-Québec's sole shareholder is the Québec government, which guarantees most of its borrowings.

KEY ASSETS

Water used to generate more than **99%** of output	**26** large reservoirs with a storage capacity of **175 TWh**	**36,068 MW** in total installed capacity	Average cost of kWh generated by Hydro-Québec of **1.98¢**	Rates among the lowest in North America

CONSOLIDATED FINANCIAL INFORMATION[1]

($M)	2013	2012	2011	2010	2009
OPERATIONS					
Revenue	**12,881**	12,136	12,250	12,269	11,997
Expenditure					
Operations	**2,450**	2,364	2,415	2,424	2,376
Electricity and fuel purchases	**1,568**	1,183	1,154	1,282	1,137
Depreciation and amortization	**2,492**	2,415	2,603	2,559	2,280
Taxes	**1,000**	997	864	906	924
	7,510	6,959	7,036	7,171	6,717
Operating result	**5,371**	5,177	5,214	5,098	5,280
Financial expenses	**2,433**	2,441	2,528	2,555	2,419
Result from continuing operations	**2,938**	2,736	2,686	2,543	2,861
Result from discontinued operations[2]	**4**	(1,876)	(75)	(28)	10
Net result	**2,942**	860	2,611	2,515	2,871
DIVIDEND	**2,207**	645	1,958	1,886	2,168
BALANCE SHEET SUMMARY					
Total assets	**73,110**	70,508	69,594	65,794	64,918
Long-term debt, including current portion and perpetual debt	**44,477**	43,524	42,050	38,660	37,943
Equity	**19,394**	18,987	18,834	18,566	18,419
INVESTMENTS FOR CONTINUING OPERATIONS AFFECTING CASH					
Property, plant and equipment and intangible assets[3]	**4,335**	3,932	3,814	4,220	4,307
FINANCIAL RATIOS[4]					
Interest coverage	**2.09**	2.02	1.97	1.93	2.08
Return on equity from continuing operations (%)	**14.6**	14.6	15.5	15.3	17.9
Profit margin from continuing operations (%)	**22.8**	22.5	21.9	20.7	23.8
Capitalization (%)	**30.5**	30.6	31.4	32.1	32.6
Self-financing (%)	**68.3**	55.4	48.7	47.0	41.3

1. Certain comparative figures have been reclassified to conform to the presentation adopted in the year ended December 31, 2013.
2. The discontinued operations are related to the 2012 decision to abandon the project to refurbish Gentilly-2 nuclear generating station and to terminate nuclear power operations.
3. Including the Energy Efficiency Plan (EEP).
4. Source: Hydro-Québec, *Annual Report 2013*, page 98.

OPERATING STATISTICS AND OTHER INFORMATION

Average rate increase (decrease) from January 1 to December 31 (%)	**1.7**	(0.4)	(0.2)	0.6	1.6
Total installed capacity (MW)	**36,068**[5]	35,829	36,971	36,671	36,813
Total customer accounts (thousands)	**4,142**	4,096	4,049	4,000	3,948
Total number of employees (excluding employees of subsidiaries and joint ventures)	**20,243**	21,596	22,501	23,092	23,090

5. In addition to its generating capacity of its own facilities, Hydro-Québec has access to almost all the output from Churchill Falls generating station (5,428 MW) under a contract with Churchill Falls (Labrador) Corporation Limited that will remain in effect until 2041. It also purchases all the output from 23 wind farms (2,399 MW) and 4 small hydropower plants (48 MW) and almost all the output from 17 biomass cogeneration facilities (205 MW) operated by independent power producers. Moreover, 3,146 MW are available under long-term contracts with other suppliers.

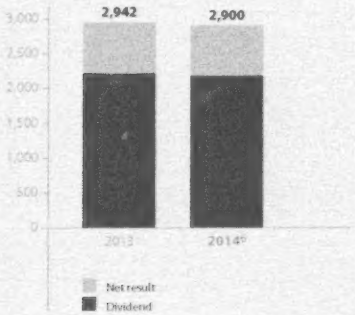
2013 HIGHLIGHTS

- Result from continuing operations of $2,938 million, a new record for the company.
- Investments in transmission, amounting to $1.6 billion, were higher than investments in generation, which reached $1.4 billion. Investments in property, plant and equipment and intangible assets totaled $4.3 billion.
- Commissioning of the Sarcelle power house (150 MW), the last component of the Eastmain-1-A/Sarcelle/Rupert project (918 MW).

2014 FINANCIAL OUTLOOK

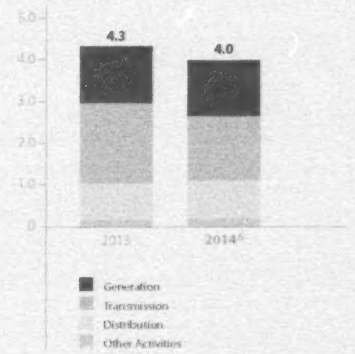
NET RESULT AND DIVIDEND

(C$M)



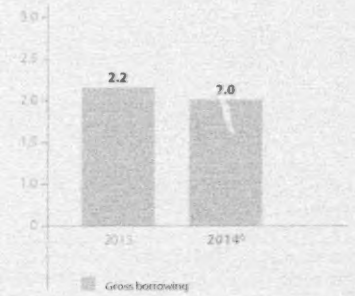
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS[7]

(C$B)



FINANCING NEEDS

(C$B)



6. Projected.
7. Including the ETP.

HYDRO-QUÉBEC: A QUALITY INVESTMENT

Security	Characteristics of the debt as at December 31, 2013
Unconditional guarantee by the Québec government on most of Hydro-Québec's debt (debentures, medium-term notes, commercial paper)	Average term: 18.5 years
	Fixed rate[8, 9]: 88.6%
	Floating rate[8, 9]: 11.4%
	Breakdown by repayment currency[10]: C$ 98.9% US$ 1.1%

Credit Ratings as at December 31, 2013			
	Long-term debt	Commercial paper	Outlook/Trend
Moody's	Aa2	P-1	Stable
Standard & Poor's	A+	A-1+	N/A[11]
Fitch Ratings	AA-	F1+	Negative
DBRS	A (high)	R-1 (middle)	Stable

8. The debt is translated into Canadian dollars at the closing exchange rates in effect at the balance sheet date.
9. Excluding swaps related to credit risk mitigation.
10. Including perpetual debt, swaps and forward contracts.
11. Standard & Poor's does not provide an outlook for Hydro-Québec's credit rating. However, it has given the Québec government, which is Hydro-Québec's shareholder and guarantor, the "stable" outlook.

For more information, please consult our Web site: **www.hydroquebec.com/investor-relations**
You can also contact the Investor Relations team by e-mail: **rel.inv@hydro.qc.ca**

Ce document est également publié en français.

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